

BOARD MEETING DATE: November 5, 2021

AGENDA NO. 3

PROPOSAL: Execute Contract to Conduct Inland Port Feasibility Study

SYNOPSIS: In February 2019, South Coast AQMD, San Joaquin Valley Air Pollution Control District, Ports of Los Angeles and Long Beach, and other stakeholders co-funded the first phase of the California Inland Port Feasibility Study. This action is to execute a contract with Fresno Council of Governments in an amount not to exceed \$37,500 from the Clean Fuels Program Fund (31) to support the second phase of the California Inland Port Feasibility Study.

COMMITTEE: Technology, October 15, 2021; Recommended for Approval

**RECOMMENDED ACTION:**

Authorize the Executive Officer to execute a contract with Fresno Council of Governments in an amount not to exceed \$37,500 from the Clean Fuels Program Fund (31) to conduct the second phase of the California Inland Port Feasibility Study.

Wayne Nastri  
Executive Officer

MMM:AK:JI:SC

---

**Background**

An Inland Port along freight transportation corridors from the San Pedro Bay Ports to the San Joaquin Valley would help establish an efficient and competitive logistics system in California. Currently, nearly all containers transported between the Port of Los Angeles (POLA) and Port of Long Beach (POLB) through San Joaquin Valley are moved by heavy-duty diesel trucks. By shifting a majority of the cargo truck traffic off of the highway and roadway system onto a rail system, an inland port system has the potential to reduce air pollution associated with heavy-duty trucking in the South Coast Air Basin and surrounding regions.

In early 2019, the first phase California Inland Port Feasibility Study was initiated through a joint effort funded by South Coast AQMD, San Joaquin Valley Air Pollution Control District (SJVAPCD), POLA, POLB, and several San Joaquin Valley Cities and counties. The phase 1 study was completed by GLD Partners in the spring of 2020. Phase 1 found the container on-truck methods currently being used to transport goods between San Joaquin Valley consumption and production centers is highly inefficient, resulting in increased costs and air pollution from increased truck trips. The phase 1 study showed there is potential for a strong business case to utilize intermodal rail service which would yield substantial transport cost savings as well as significant environmental benefits for the surrounding regions over use of heavy-duty trucks. Preliminary analysis performed by the SJVAPCD and CARB as part of the phase 1 study estimated a potential 83 percent reduction in NO<sub>x</sub> emissions and up to 93 percent reduction of GHG emissions for goods moved to San Joaquin Valley via rail relative to using trucks. These annual emissions reductions equate to approximately 960 tons of NO<sub>x</sub> and 225,700 tons of CO<sub>2</sub>e. Additionally, moving cargo from the San Pedro Bay ports to San Joaquin Valley using rail could result in increased safety and a decrease in congestion on state highways and local streets.

### **Proposal**

The proponents are seeking to conduct phase 2 of the study, which will include market analyses, coordination with the railroads, and a preliminary business plan for high-efficiency logistics and investment hubs around inter-modal facilities. Also, the study will initiate a framework for the financial and business models. Fresno Council of Governments has been tasked as the project manager for managing phase 2 of the study as well as any future phases that may be necessary to move the project forward.

### **Benefits to South Coast AQMD**

The proposed project is relevant to South Coast AQMD's priorities to reduce NO<sub>x</sub> and PM emissions from transportation sources to achieve federal ambient air quality standards and protect public health. Projects to support identifying and demonstrating in-use fleet emission reduction technologies and opportunities such as intermodal rail services in place of trucks are included in the Technology Advancement Office Clean Fuels Program 2021 Plan Update under the category of "Fuel/Emission Studies." Successful demonstration of this alternative transportation concept will help reduce the heavy-duty truck traffic in our region and support NO<sub>x</sub> and GHG emissions reductions.

### **Sole Source Justification**

Section VIII.B.2 of the Procurement Policy and Procedure identifies provisions by which sole source awards may be justified. The request for sole source award is made under provision B.2.d.(1): Project involving cost-sharing by multiple sponsors. The proposed projects include cash and in-kind cost-sharing from POLA, POLB, SJVAPCD, Sacramento AQMD, Sacramento County and South Coast AQMD.

### Resource Impacts

South Coast AQMD's cost-share will not exceed \$37,500 from the Clean Fuels Program Fund (31). The estimated partners cost-share and total project cost is summarized below.

<b>Proposed Partners</b>	<b>Amount</b>	<b>Percent (%)</b>
POLA	\$80,000	32%
POLB	\$80,000	32%
SJVAPCD	\$37,500	15%
South Coast AQMD ( <i>requested</i> )	\$37,500	15%
Sacramento AQMD	\$7,500	3%
Sacramento County	\$7,500	3%
<b>Total Project Cost</b>	<b>\$250,000</b>	<b>100%</b>

Sufficient funds are available in the Clean Fuels Program Fund (31) for this proposed project. The Clean Fuels Program Fund (31) is established as a special revenue fund resulting from the state mandated Clean Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program.